



**Gavin Newsom**  
*Governor*

**Lenny Mendonca**  
*Director*

**Chris Dombrowski**  
*Chief Deputy Director*

**Scott Dosick**  
*Assistant Deputy Director,  
California Competes  
Tax Credit Program*

Governor's Office of Business  
and Economic Development  
1325 J Street, 18<sup>th</sup> Floor  
Sacramento, CA 95814  
[CalCompetes@gobiz.ca.gov](mailto:CalCompetes@gobiz.ca.gov)  
(916) 322-4051

## California Competes Tax Credit Program

### Committee Meeting

**Tuesday, November 12, 2019**

**1:00 p.m.**

Department of Food and Agriculture  
Auditorium  
1220 N Street  
Sacramento, CA 95814

And (via teleconference)  
1 N State St.  
Suite 1500, Room 15C  
Chicago, IL 60602

#### MEMBERS:

**Lenny Mendonca**, *Chair*  
*Director*  
*Governor's Office of Business  
and Economic Development*

**Fiona Ma**  
*State Treasurer*

**Keely Bosler**, *Director*  
*Department of Finance*

**Vacant**, *Appointee of the  
Senate Committee on Rules*

**Madeline Janis**, *Appointee of  
the Speaker of the Assembly*

## AGENDA

- A. Call to Order and Roll Call**
- B. Approval of Minutes from June 13, 2019, Committee Meeting**
- C. Assistant Deputy Director's Report**
  - **Agenda Overview – Agreements with 14 Businesses, Total Tax Credits \$88,741,667**
- D. Discussion and Approval of California Competes Tax Credit Agreements**

<b>Total Recommended Tax Credits:</b>	<b>\$87,250,000</b>
<b>Total Recommended Tax Credits after Adjusting for S-Corporation Law<sup>1</sup>:</b>	<b>\$88,741,667</b>

<sup>1</sup> One-third of the California Competes Tax Credit may be utilized by an S-Corporation to offset the tax on net income at the S-Corporation level (R&TC §23803(a)(1)). The remaining two-thirds is disregarded and may not be used as a carryover for the S-Corporation (R&TC §23803(a)(2)(A)). However, the full amount of the California Competes Tax Credit is also passed through to the S-Corporation's shareholders (R&TC §23803(a)(2)(F)).



1. Lockheed Martin Corporation  
Industry: Aerospace Manufacturing  
Primary Location(s): Palmdale, Beale Air Force Base, Buellton, Helendale, Santa Rosa, Valencia, and Vandenberg Air Force Base  
Employee Net Increase: 500  
Investment: \$150,000,000  
Amount of Tax Credit: \$39,500,000  
[Link to Tax Credit Agreement](#)
  
2. Northrop Grumman Systems Corporation  
Industry: Aircraft Manufacturing  
Primary Location(s): El Segundo, Edwards AFB, McClellan, Palmdale, San Diego, and Woodland Hills  
Employee Net Increase: 1,001  
Investment: \$1,147,000,000  
Amount of Tax Credit: \$30,000,000  
[Link to Tax Credit Agreement](#)
  
3. Rocket Lab USA, Inc.  
Industry: Aerospace Research and Development and Manufacturing  
Primary Location(s): Long Beach and Huntington Beach  
Employee Net Increase: 147  
Investment: \$25,355,360  
Amount of Tax Credit: \$5,000,000  
[Link to Tax Credit Agreement](#)
  
4. The Kroger Co.  
Industry: Online Order Fulfillment Warehouse and Distribution  
Primary Location(s): Unknown  
Employee Net Increase: 243  
Investment: \$81,500,000  
Amount of Tax Credit: \$3,300,000  
[Link to Tax Credit Agreement](#)



5. United Technologies Corporation  
Industry: Aircraft Engine Manufacturing  
Primary Location(s): Carlsbad  
Employee Net Increase: 60  
Investment: \$49,900,000  
Amount of Tax Credit: \$2,250,000  
[Link to Tax Credit Agreement](#)
  
6. Lakeshore Equipment Company  
Industry: Educational Materials Manufacturing  
Primary Location(s): Carson  
Employee Net Increase: 91  
Investment: \$9,240,000  
Amount of Tax Credit: \$2,000,000  
[Link to Tax Credit Agreement](#)
  
7. CASS, Inc.  
Industry: Recycled Metal Processing  
Primary Location(s): Oakland  
Employee Net Increase: 85  
Investment: \$15,200,000  
Amount of Tax Credit: \$1,325,000  
[Link to Tax Credit Agreement](#)
  
8. BioFuel North America LLC  
Industry: Biomass Fuel Manufacturing  
Primary Location(s): Stockton and Samoa  
Employee Net Increase: 36  
Investment: \$24,412,906  
Amount of Tax Credit: \$1,250,000  
[Link to Tax Credit Agreement](#)
  
9. Systems Machine Automation Components Corp  
Industry: Robotics Design and Manufacturing  
Primary Location(s): Carlsbad  
Employee Net Increase: 45  
Investment: \$6,500,000  
Amount of Tax Credit: \$800,000  
[Link to Tax Credit Agreement](#)



10. Kokatat, Inc.

Industry: Apparel Design and Manufacturing

Primary Location(s): Arcata

Employee Net Increase: 30

Investment: \$2,050,000

Amount of Tax Credit: \$750,000

[Link to Tax Credit Agreement](#)

11. Flare Group

Industry: Aircraft Parts Manufacturing

Primary Location(s): Banning

Employee Net Increase: 30

Investment: \$5,400,000

Amount of Tax Credit: \$400,000

[Link to Tax Credit Agreement](#)

12. Way To Be Designs LLC

Industry: Apparel and Merchandise Manufacturing

Primary Location(s): Atwater

Employee Net Increase: 10

Investment: \$3,000,000

Amount of Tax Credit: \$250,000

[Link to Tax Credit Agreement](#)

13. SocialCom, Inc.

Industry: Marketing and Advertising

Primary Location(s): Marina Del Rey

Employee Net Increase: 30

Investment: \$70,000

Amount of Tax Credit: \$240,000

[Link to Tax Credit Agreement](#)

14. OMNI Enclosures, Inc.

Industry: Office Furniture and Lab Equipment Manufacturing

Primary Location(s): El Cajon

Employee Net Increase: 18

Investment: \$1,900,942

Amount of Tax Credit: \$185,000

[Link to Tax Credit Agreement](#)



**E. Discussion and Approval of Recommendations for California Competes Tax Credit Agreement Termination and Credit Recapture**

<b>Total Tax Credits Recommended to be Recaptured:</b>	<b>\$10,958,698</b>
<b>Total Tax Credits Recommended to be Recaptured after Adjusting for S-Corporation Law<sup>2</sup>:</b>	<b>\$11,735,698</b>

1. BYD Motors, Inc.

Industry: Electric Bus Manufacturing

Primary Location(s): Lancaster and Los Angeles

Amount of Tax Credit Awarded: \$3,001,698

Amount of Tax Credit Recaptured: \$1,101,698

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

BYD Motors, Inc.'s California Competes Tax Credit Agreement expired at the end of its 2018 tax year which was the final year to achieve the milestones and claim any corresponding credit. Any credit not earned by the completion of the agreement must be recaptured in order to be made available to other California businesses.

2. Petco Animal Supplies, Inc.

Industry: Retail and Corporate Management

Primary Location(s): San Diego

Amount of Tax Credit Awarded: \$2,600,000

Amount of Tax Credit Recaptured: \$2,600,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

Petco Animal Supplies, Inc.'s California Competes Tax Credit Agreement expired at the end of its 2018 tax year which was the final year to achieve the milestones and claim any corresponding credit. Any credit not earned by the completion of the agreement must be recaptured in order to be made available to other California businesses.

---

<sup>2</sup> One-third of the California Competes Tax Credit may be utilized by an S-Corporation to offset the tax on net income at the S-Corporation level (R&TC §23803(a)(1)). The remaining two-thirds is disregarded and may not be used as a carryover for the S-Corporation (R&TC §23803(a)(2)(A)). However, the full amount of the California Competes Tax Credit is also passed through to the S-Corporation's shareholders (R&TC §23803(a)(2)(F)).



3. Neustar, Inc.

Industry: Cloud-based Information and Data Evaluation Services

Primary Location(s): San Francisco

Amount of Tax Credit Awarded: \$1,500,000

Amount of Tax Credit Recaptured: \$1,400,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

Neustar, Inc.'s California Competes Tax Credit Agreement expired at the end of its 2018 tax year which was the final year to achieve the milestones and claim any corresponding credit. Any credit not earned by the completion of the agreement must be recaptured in order to be made available to other California businesses.

4. QVC, Inc.

Industry: Western U.S. Retail Warehouse and Distribution

Primary Location(s): Eastvale, Ontario, or Rialto

Amount of Tax Credit Awarded: \$1,400,000

Amount of Tax Credit Recaptured: \$900,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

QVC, Inc.'s California Competes Tax Credit Agreement expired at the end of its 2018 tax year which was the final year to achieve the milestones and claim any corresponding credit. Any credit not earned by the completion of the agreement must be recaptured in order to be made available to other California businesses.

5. Gordon Brush Mfg. Co., Inc.

Industry: Brush Manufacturing

Primary Location(s): City of Industry

Amount of Tax Credit Awarded: \$800,000

Amount of Tax Credit Recaptured: \$200,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

Gordon Brush Mfg. Co., Inc.'s California Competes Tax Credit Agreement expired at the end of its 2018 tax year which was the final year to achieve the milestones and claim any corresponding credit. Any credit not earned by the completion of the agreement must be recaptured in order to be made available to other California businesses.



6. Noribachi Corporation

Industry: Electric Lighting Fixture Manufacturing

Primary Location(s): Harbor City

Amount of Tax Credit Awarded: \$750,000

Amount of Tax Credit Recaptured: \$750,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

Noribachi Corporation has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit Agreement and has requested the termination of its agreement to allow the credit to be made available to other California businesses.

7. Combustion Associates, Inc.

Industry: Industrial Power Generator Manufacturing

Primary Location(s): Corona

Amount of Tax Credit Awarded: \$600,000

Amount of Tax Credit Recaptured: \$600,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

Combustion Associates, Inc. has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit Agreement and has requested the termination of its agreement.

8. BeeKeeper Marketing, Inc.

Industry: Marketing Consulting Services

Primary Location(s): Statewide

Amount of Tax Credit Awarded: \$500,000

Amount of Tax Credit Recaptured: \$500,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

BeeKeeper Marketing, Inc. has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit Agreement and has requested the termination of its agreement.



9. GearLaunch, Inc.

Industry: Online Payment Services

Primary Location(s): San Francisco

Amount of Tax Credit Awarded: \$495,000

Amount of Tax Credit Recaptured: \$495,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

GearLaunch, Inc. has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit Agreement and has requested the termination of its agreement to allow the credit to be made available to other California businesses.

10. Workforce Equanimity LLC

Industry: Management Development Services

Primary Location(s): McClellan Park and Elk Grove

Amount of Tax Credit Awarded: \$350,000

Amount of Tax Credit Recaptured: \$350,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

Workforce Equanimity LLC has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit Agreement and has requested the termination of its agreement.

11. Axure Software Solutions, Inc.

Industry: Web Development Services

Primary Location(s): San Diego

Amount of Tax Credit Awarded: \$280,000

Amount of Tax Credit Recaptured: \$280,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

Axure Software Solutions, Inc. has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit Agreement and has requested the termination of its agreement to allow the credit to be made available to other California businesses.



12. STWT&M, Inc.

Industry: Industrial Machinery Manufacturing

Primary Location(s): Oxnard

Amount of Tax Credit Awarded: \$250,000

Amount of Tax Credit Recaptured: \$250,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

STWT&M, Inc. has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit Agreement and has requested the termination of its agreement to allow the credit to be made available to other California businesses.

13. Jinx, Inc.

Industry: Toy and Clothing Design and Manufacturing

Primary Location(s): Poway

Amount of Tax Credit Awarded: \$250,000

Amount of Tax Credit Recaptured: \$250,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

Jinx, Inc. has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit Agreement and has requested the termination of its agreement to allow the credit to be made available to other California businesses.

14. Sparsha USA

Industry: Transdermal Patch Development and Manufacturing

Primary Location(s): Oceanside

Amount of Tax Credit Awarded: \$250,000

Amount of Tax Credit Recaptured: \$100,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

Sparsha USA's California Competes Tax Credit Agreement expired at the end of its 2018 tax year which was the final year to achieve the milestones and claim any corresponding credit. Any credit not earned by the completion of the agreement must be recaptured in order to be made available to other California businesses.



15. Wesley Enterprise, Inc.

Industry: Medical Document Preparation Services

Primary Location(s): Yorba Linda

Amount of Tax Credit Awarded: \$200,000

Amount of Tax Credit Recaptured: \$200,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

Wesley Enterprise, Inc.'s California Competes Tax Credit Agreement expired at the end of its 2018 tax year which was the final year to achieve the milestones and claim any corresponding credit. Any credit not earned by the completion of the agreement must be recaptured in order to be made available to other California businesses.

16. Morrill Industries, Inc.

Industry: Metal Parts Manufacturing

Primary Location(s): Escalon

Amount of Tax Credit Awarded: \$200,000

Amount of Tax Credit Recaptured: \$200,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

Morrill Industries, Inc. has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit Agreement and has requested the termination of its agreement to allow the credit to be made available to other California businesses.

17. Underground Elephant, Inc.

Industry: IT Digital Marketing Services

Primary Location(s): San Diego

Amount of Tax Credit Awarded: \$165,000

Amount of Tax Credit Recaptured: \$165,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

Underground Elephant, Inc.'s California Competes Tax Credit Agreement expired at the end of its 2018 tax year which was the final year to achieve the milestones and claim any corresponding credit. Any credit not earned by the completion of the agreement must be recaptured in order to be made available to other California businesses.



18. JLS Environmental Services

Industry: Construction Services

Primary Location(s): Loomis

Amount of Tax Credit Awarded: \$155,000

Amount of Tax Credit Recaptured: \$155,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

JLS Environmental Services has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit Agreement and has requested the termination of its agreement.

19. The Carlstar Group LLC (formerly CTP Transportation Products LLC)

Industry: Commercial Vehicle Wheel and Component Manufacturing

Primary Location(s): Ontario

Amount of Tax Credit Awarded: \$150,000

Amount of Tax Credit Recaptured: \$150,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

The Carlstar Group LLC (formerly CTP Transportation Products LLC)'s California Competes Tax Credit Agreement expired at the end of its 2018 tax year which was the final year to achieve the milestones and claim any corresponding credit. Any credit not earned by the completion of the agreement must be recaptured in order to be made available to other California businesses.

20. Gravity Defyer Corporation

Industry: Footwear Manufacturing

Primary Location(s): Pacoima

Amount of Tax Credit Awarded: \$100,000

Amount of Tax Credit Recaptured: \$100,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

Gravity Defyer Corporation's California Competes Tax Credit Agreement expired at the end of its 2018 tax year which was the final year to achieve the milestones and claim any corresponding credit. Any credit not earned by the completion of the agreement must be recaptured in order to be made available to other California businesses.



21. Lynam Industries, Inc.

Industry: Sheet Metal Manufacturing

Primary Location(s): Fontana

Amount of Tax Credit Awarded: \$68,000

Amount of Tax Credit Recaptured: \$68,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

Lynam Industries, Inc.'s California Competes Tax Credit Agreement expired at the end of its 2018 tax year which was the final year to achieve the milestones and claim any corresponding credit. Any credit not earned by the completion of the agreement must be recaptured in order to be made available to other California businesses.

22. Camilleri & Sunseri Ventures, Inc.

Industry: Garge Door Installation

Primary Location(s): San Diego

Amount of Tax Credit Awarded: \$50,000

Amount of Tax Credit Recaptured: \$50,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

Camilleri & Sunseri Ventures, Inc. has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit Agreement and has requested the termination of its agreement to allow the credit to be made available to other California businesses.

23. H.B. Fuller Construction Products, Inc.

Industry: Chemical and Adhesive Manufacturing

Primary Location(s): La Mirada

Amount of Tax Credit Awarded: \$40,000

Amount of Tax Credit Recaptured: \$40,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

H.B. Fuller Construction Products, Inc. has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit Agreement and has requested the termination of its agreement to allow the credit to be made available to other California businesses.



24. Wily Fox Technologies, Inc.

Industry: Computer Systems Design Services

Primary Location(s): El Dorado Hills

Amount of Tax Credit Awarded: \$25,000

Amount of Tax Credit Recaptured: \$15,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

Wily Fox Technologies, Inc.'s California Competes Tax Credit Agreement expired at the end of its 2018 tax year which was the final year to achieve the milestones and claim any corresponding credit. Any credit not earned by the completion of the agreement must be recaptured in order to be made available to other California businesses.

25. Vol-Ten Corporation

Industry: Charter Bus Service

Primary Location(s): Stockton

Amount of Tax Credit Awarded: \$25,000

Amount of Tax Credit Recaptured: \$15,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

Vol-Ten Corporation's California Competes Tax Credit Agreement expired at the end of its 2018 tax year which was the final year to achieve the milestones and claim any corresponding credit. Any credit not earned by the completion of the agreement must be recaptured in order to be made available to other California businesses.

26. Graveline Financial, Inc.

Industry: Financial and Insurance Services

Primary Location(s): Fresno

Amount of Tax Credit Awarded: \$20,000

Amount of Tax Credit Recaptured: \$16,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

Graveline Financial, Inc.'s California Competes Tax Credit Agreement expired at the end of its 2018 tax year which was the final year to achieve the milestones and claim any corresponding credit. Any credit not earned by the completion of the agreement must be recaptured in order to be made available to other California businesses.



27. XCell Science Inc.

Industry: Stem Cell Biotechnology Research and Development

Primary Location(s): Novato

Amount of Tax Credit Awarded: \$20,000

Amount of Tax Credit Recaptured: \$8,000

[Link to Tax Credit Agreement to be Terminated](#)

Reason for Agreement Termination and Credit Recapture:

XCell Science, Inc.'s California Competes Tax Credit Agreement expired at the end of its 2018 tax year which was the final year to achieve the milestones and claim any corresponding credit. Any credit not earned by the completion of the agreement must be recaptured in order to be made available to other California businesses.

**F. Public Comment**

**G. Adjournment**

The numerical order of items on this agenda is for convenience of reference. Items may be taken out of order upon the request of the California Competes Tax Credit Committee Chair or Committee Members. This notice and agenda can be obtained at: [www.business.ca.gov/CalCompetes.aspx](http://www.business.ca.gov/CalCompetes.aspx). For additional information regarding this notice and agenda, please contact Scott Dosick, Assistant Deputy Director, at 916-322-0676 or [scott.dosick@gobiz.ca.gov](mailto:scott.dosick@gobiz.ca.gov). The Governor's Office of Business and Economic Development complies with the Americans with Disabilities Act by ensuring that the facilities are accessible to persons with disabilities, and by providing this notice and agenda and related information in alternative formats when requested. If you need further assistance, including disability-related modifications or accommodations, you may contact Scott Dosick no later than five calendar days before the meeting.